

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

In the Matter of)	
)	
Revision of the Commission's Rules to)	
Ensure Compatibility with Enhanced)	CC Docket No. 94-102
911 Emergency Calling Systems)	
)	
Amendment of Parts 2 and 25 to)	
Implement the Global Mobile Personal)	IB Docket No. 99-67
Communications by Satellite (GMPS))	
Memorandum of Understanding and)	
Arrangements)	

**REPLY COMMENTS OF THE
ALLIANCE OF AUTOMOBILE MANUFACTURERS, INC.**

I. INTRODUCTION

The Alliance of Automobile Manufacturers is a trade association of 10 car and light truck manufacturers who account for more than 90 percent of U.S. vehicle sales. Member companies, which include BMW Group, DaimlerChrysler, Ford Motor Company, General Motors, Mazda, Mitsubishi Motors North America, Nissan, Porsche, Toyota and Volkswagen, employ more than 620,000 Americans at 250 facilities in 35 states.

A key function of the Alliance is to facilitate and convey the commitment of its members to important public interest goals, including the goal of improving motor vehicle safety. A number of the Alliance's members offer or plan to install telematics systems in their vehicles, which provide important safety and security features to customers. After reviewing the Comments filed in the above-captioned proceeding, the Alliance wishes to offer the following Reply Comments with respect to the telematics issues raised by the

Commission's *Further Notice*. The Alliance strongly believes that a deregulatory approach is the best way for the Commission to foster the continued growth and expansion of valuable telematics offerings by automobile manufacturers.

II. MARKET FORCES SHOULD BE PERMITTED TO CONTINUE TO SPUR GROWTH AND INNOVATION IN TELEMATICS SERVICES

The comments filed in this proceeding illustrate the extent to which telematics systems offer a tremendously useful supplement to the emergency calling and location services provided by commercial mobile radio service ("CMRS") carriers and public safety answering points ("PSAPs"). Yet, this observation does not mean that telematics equipment or services should be swept into a governmental regulatory framework mandating customer access to particular 911 or enhanced 911 calling services. To the contrary, the record reflects that regulation of telematics services is unwarranted, and indeed, could be extremely counter-productive from a public policy standpoint.

A. There Is No Evidence of a Need for the Regulation of Telematics

As a number of interested parties have observed, telematics offerings generally have developed outside of any regulatory mandate, yet already are providing subscribers with ubiquitous, location-based dispatch services that serve important safety and security objectives.¹ By combining event data, wireless communications and GPS functionalities, and integrating these with information at the telematics call center, telematics services provide exact location, automatic crash notification and other important information about the car and its owners to the emergency response community.² As OnStar observes, current telematics

¹ See, e.g., Comments of ATX at 10-11; Comments of Mercedes-Benz at 1-2; Comments of the Intelligent Transportation Society of America at 7; Comments of Motorola at 3-4; Comments of OnStar at 8; Comments of Toyota at 2.

² See, e.g., Comments of the ComCARE Alliance at 8.

systems “deliver nationwide precise GPS-based location information with every emergency call,” regardless of the PSAP’s state of readiness for Phase I or Phase II emergency calling.³ And telematics services provide valuable screening capacity to PSAPs by filtering out a significant number of non-emergency calls that would otherwise burden the already-strained public safety infrastructure.⁴

Nor is there any evidence that customers are confused regarding the emergency capabilities offered by telematics services. As many comments highlight, the language of call center interactions, the text of current subscriber agreements, and the text of vehicle owner’s manuals, among other sources, all clearly describe for the subscriber the scope of the telematics services provided, and in particular, the fact that the subscriber will be interacting with a telematics call center operator -- in an explicit *driver assistance* context -- as opposed to the expectations that might attend the subscriber’s dialing a 911 call on a wireless handset.⁵

In short, there is no demonstrated need for the regulation of telematics. In the absence of regulatory requirements, even as a nascent service, telematics has become the only platform to date that can deliver precise location information with emergency calls on a nationwide basis.

³ Comments of OnStar at 7-8.

⁴ See, e.g., Comments of ATX at 11; Comments of BMW at 2; Comments of OnStar at 9.

⁵ See, e.g., Comments of AIAN at 2; Comments of ATX at 9; Comments of Mercedes-Benz at 9; Comments of OnStar at 10-11; Comments of Toyota at 9. The ComCARE Alliance notes that in its years of experience dealing with telematics, “telematics subscribers appear to clearly understand that they are contracting for a dispatch service and that embedded telematics calls are not directly routed to 9-1-1. Indeed the most common day-to-day services (e.g. door unlock, remote diagnostics, stolen vehicle location and concierge services) are all received from the call center.”). Comments of the ComCARE Alliance at 31.

B. Needless Regulation of Telematics Could Impose Serious Costs That Will Stifle Telematics Development

Apart from a lack of evidence that the regulation of telematics is warranted, there is a powerful consensus among most parties addressing telematics issues in this proceeding that regulation could impose severe costs on telematics equipment manufacturers and service providers at a very precarious time in telematics service development. A number of parties have correctly observed that although telematics services provide tremendous public safety and security benefits to the consumer, such services have not yet been widely deployed within the automobile industry, and to date, have been deployed primarily in luxury vehicles.⁶ As OEMs evaluate the extent to which they can justify the expansion of telematics services to more affordable product lines, the Alliance agrees that “a credible threat of new regulation – particularly from an agency with which the automotive industry is not accustomed to dealing – could tip scales against an OEM taking a chance on a large investment in a service that remains largely untested in the broader automotive marketplace.”⁷

Indeed, recognizing this reality, the ComCARE Alliance, a broad-based, non-profit coalition of medical and safety interests, predicts that regulatory action by the Commission will “discourage companies from installing these life saving systems, or make them less effective by freezing technology development.”⁸ In “strongly encourag[ing] the avoidance of regulatory action,” the ComCARE Alliance notes that “[n]o trauma, EMS, 9-1-1,

⁶ See, e.g., Comments of the ComCARE Alliance at 29 (noting that “the primary safety concern with telematics at the current time is that most automobile companies are not yet deploying these systems”).

⁷ Comments of Mercedes-Benz at 10-11.

⁸ Comments of the ComCARE Alliance at 3.

transportation, law enforcement organization, or coalition of them, such as ComCARE, has advocated Commission regulation of telematics at this time.”⁹

There is no question that regulatory action by the Commission poses a severe risk of stifling telematics service growth and development. As several commenters observe,¹⁰ the telematics industry is already dealing with one major technological transition, from analog to digital/dual mode units.¹¹ As OnStar observes, the complexity that in any event attends product development for a number of different automobile manufacturers already is “enormous.”¹² And the problem is exacerbated by the long lead times that developing new equipment entails, and the “greater than ten year life-cycle of equipment that is integrated into an automobile.”¹³

The bottom line is that imposing additional regulatory requirements that could necessitate further redesign of telematics systems could be extremely detrimental to the development of a nascent industry that has already begun to establish a promising track record in offering valuable automotive safety and security services to consumers. As Toyota observes:

Basic economics dictates that any incremental increase in the price of telematics – or in any other good or service – will at the margins reduce the number of units sold. What might seem to be an improvement in safety, then, could actually decrease safety if the price of that improvement causes consumers to forego telematics entirely, and thus to forego the safety benefits

⁹ *Id.*

¹⁰ *See, e.g.*, Comments of AIAM at 2; Comments of the ComCARE Alliance at 46-47; Comments of Mercedes-Benz at 11-12; Comments of OnStar at 14.

¹¹ *See* Amendment of Part 22 of the Commission’s Rules to Modify or Eliminate Outdated Rules Affecting the Cellular Radio Telephone Service and Other Commercial Mobile Radio Services, WT Docket No. 01-108, Report and Order (rel. Sept. 24, 2002), at ¶¶ 18-20.

¹² Comments of OnStar at 13.

¹³ *Id.* *See also* Comments of Toyota at 22-23 (noting that long product life cycles preclude effective regulation).

now offered by telematics – features like Ride Assist that provides fatigued persons with an alternative to driving, Automatic Airbag Failure Notification that advises a driver if the airbag system may be in need of service, the Emergency Services function, and the like. Likewise on the other side of the equation, imposing significant regulatory (and therefore technical and economic) burdens on telematics providers could render potential – and perhaps even existing – providers unwilling to make the capital and operational investment necessary to provide these services. That is, if regulations require upgrades to call centers, or the expensive redesign of existing equipment, providers might elect to avoid such capital investments, and cease offering telematics services as an option on their vehicles.¹⁴

The Alliance agrees with these comments, and urges the Commission to avoid regulatory action with respect to telematics.

III. THE ALLIANCE ENCOURAGES CONTINUED DISCUSSION AND COOPERATION AMONG THE AUTOMOTIVE COMMUNITY, TELEMATICS EQUIPMENT MANUFACTURERS AND THE PUBLIC SAFETY COMMUNITY

To the extent that a few parties have raised concerns regarding the format, procedures and other details that attend communications between telematics services and PSAPS, the Alliance is in favor of voluntary approaches that involve cooperative discussions among all affected telematics constituencies. The Alliance agrees with the comment that the Commission should encourage and defer to “the very important cooperative efforts of TSPs, PSAPs and the emergency response communities.”¹⁵ The record in this proceeding suggests that such dialogue is taking place today because all affected parties recognize that it must occur.¹⁶ There is no need for direct Commission intervention other than to continue to foster this vital discussion and coordination process informally.

¹⁴ Comments of Toyota at 18.

¹⁵ Comments of ATX at 19.

¹⁶ See, e.g., Comments of ComCARE Alliance at 37 (suggesting that the Commission should, along with other agencies, “actively encourage this learning and experimentation process to continue, and certainly not

IV. CONCLUSION

Telematics services are just beginning to offer tremendous benefits to consumers, and likely will be expanded into additional automotive vehicle product lines over time. The market to date has fostered the development of telematics products and services -- which provide consumers with extremely valuable safety and security services -- without regulatory intervention. The Alliance urges the Commission to allow this trend to continue. The Commission should avoid inhibiting the continued development of telematics services, or discouraging their widespread adoption, through the imposition of burdensome regulation.

Respectfully Submitted,

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interfere with it by suggesting the imposition of regulations on any of the parties"); Comments of OnStar at 11 (noting OnStar's successful cooperation with PSAPs, public safety and industry).